



May 3, 2007

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, N.W.
Washington, DC 20554

Re: *Telenor ASA, Transferor, and Inceptum 1 AS, Transferee*, DA 06-2565;
IB Docket No. 06-225; File Nos. SES-T/C-20061129-02062 to 02063;
0002817301; 0030-EX-TU-2006; ITC-T/C-20061129-00529 to 00531; ITC-
T/C-20061215-00575
Notice of Ex Parte Presentation

Dear Ms. Dortch:

Yesterday, Rupert Pearce, Group General Counsel, Inmarsat, Diane Cornell, Vice President, Government Affairs, Inmarsat, and John P. Janka of Latham & Watkins met with Helen Domenici, Chief of the International Bureau, Francis Gutierrez, Legal Advisor to Ms. Domenici, and Jim Ball, Chief of the International Bureau's Policy Division. The discussion focused on Inmarsat's positions of record in this proceeding.

More specifically, Inmarsat indicated that Inceptum's proposed acquisition of the Telenor (TSS) MSS business, when Inceptum already controls the MSS business previously owned by France Telecom (FTMSC), raises important policy issues under the Orbit Act. These issues are akin to those presented when the Commission previously mandated direct access to the Intelsat system. In particular, Inmarsat indicated that this transaction could adversely affect U.S.-based users of the Inmarsat system, including the U.S. Government, regardless where those users travel around the world.

The genesis of these problems is the distribution structure imposed by former Signatories during the course of Inmarsat's ORBIT ACT-mandated privatization. That structure requires Inmarsat users to procure service through a "middleman" structure, which includes a handful of distribution "gatekeepers" from whom everyone (including service providers and end users) must directly or indirectly acquire Inmarsat service. The existing distribution structure prevents Inmarsat from offering its most competitive pricing to end users (including the U.S. Government), and from dealing directly with end users at all, even when their needs could best be

served by “buying direct.” This results in price mark-ups and other structural layers that in many cases needlessly increase the cost of providing essential services. Moreover, because the “gatekeeper” distributors of longstanding Inmarsat services (the “existing and evolved” services) enjoy greater profit margins when they sell those services, the distributors do not have a natural incentive to effectively market new and innovative Inmarsat services, such as BGAN. In contrast, in a normal competitive environment where Inmarsat could sell directly and there would be no artificial limit on who could distribute these services, those distributors would have an incentive to offer the fullest range of services at the price points that best meet the needs of the end users.

While about a dozen global distributors once offered the full suite of Inmarsat services, the number of such distributors today stands at a mere three. That reduction was hastened by volume pricing discounts in the existing distribution structure that reward consolidation (and greater profitability for the distributors) over providing additional value and options to end users. This transaction would leave just two such global distributors in place, with no real prospects for further entry in the near term.

The power to change the existing distribution structure lies entirely with the entities (including TSS and FTMSC) who continue to benefit from it. If the Commission ultimately decides to consent to this transaction, Inmarsat urges the Commission to impose a condition requiring that Inceptum cause TSS and FTMSC to consent to the removal from the current distribution arrangement of the restrictions that prevent Inmarsat from providing more favorable pricing to end users, that differentiate between distribution partners and service providers, and that prevent service providers and end users from dealing directly with Inmarsat for the supply of products and services.

Respectfully submitted,

/s/

Diane Cornell
Vice President, Government Affairs

cc: Helen Domenici
Francis Gutierrez
Jim Ball